

2005 SUPPLEMENTAL BUDGET PROPOSAL

BRIEFING PAPER

Prepared for the
SEPTEMBER 2004 TRANSPORTATION COMMISSION MEETING

Prepared by: Stephen Stewart and Suzanne Sergeant
Reviewed by: Bill Ford, Budget Chief, Budget Services
Approved by: Paula Hammond, Chief of Staff

PURPOSE:

The Commission is being asked to adopt the Department of Transportation 2005 Supplemental Budget for submittal to the Office of Financial Management and the Legislature on or before October 15, 2004.

ACTION/OUTCOME:

The Transportation Commission will discuss, finalize, and adopt the 2005 Supplemental Budget.

DISCUSSION:

The proposed 2005 Supplemental Budget amendments to the 2003-05 budget are displayed on Attachment A and include the following:

1. Funding for increased ferry fuel costs based on the latest fuel cost index (\$11.3M). The funding for fuel is increased based on the latest Global Insight diesel fuel index. World events and economic conditions have resulted in an average increase of 29¢ per gallon in fuel prices between the February 2004 and the June 2004 forecasts for the 2003-05 biennium.
2. Funding for an insurance premium increase as negotiated with the Willis Corporation for fiscal year 2005 (\$0.7M). Over the last four years, Ferries has experienced a 61% increase in insurance premiums due to a series of significant claims, worldwide marine insurance market conditions, and an increase in asset values. The 2005 increase on the base policy is the lowest since fiscal year 2000. The most significant increase in the 2005 policy is the inclusion of terrorism coverage. The Department of Homeland Security has identified passenger ferries like those in the department's fleet as the most likely target of a terrorism attack. In light of this increased risk, it is prudent to purchase war risk coverage.

RECOMMENDATION:

The department recommends the Commission adopt the 2005 Supplemental Budget.

For further information, please contact Bill Ford, Budget Chief, at 705-7500.

WSDOT 2005 SUPPLEMENTAL BUDGET REQUEST

ATTACHMENT A

Dollars in Millions

	2003-05 Budget	Proposed 2005 Adjustments	Proposed 2005 Supplemental Budget
Operating Budget			
Highway Maintenance & Operations	\$291.0		\$291.0
Traffic Operations	39.2		39.2
Ferries Maintenance & Operations	318.8	12.0	330.8
Public Transportation	49.8		49.8
Rail	34.1		34.1
Aviation	8.0		8.0
Transportation Economic Partnerships	1.0		1.0
Local Programs	9.7		9.7
Facilities Maintenance & Operations	31.1		31.1
Program Delivery Management & Support	49.6		49.6
Transportation Management & Support	27.4		27.4
Information Technology	68.9		68.9
Transportation Planning, Data, & Research	47.9		47.9
Charges from Other Agencies	54.7		54.7
Total Operating	\$1,031.3	\$12.0	\$1,043.3
Capital Budget			
Highway Improvements	\$999.5		\$999.5
Tacoma Narrows Bridge	604.0		604.0
Highway Preservation	477.5		477.5
Hood Canal	254.3		254.3
Capital Facilities	17.2		17.2
Traffic Operations	29.2		29.2
Ferries Construction	197.6		197.6
Rail	56.5		56.5
Local Programs	87.0		87.0
Total Capital	\$2,722.7	-	\$2,722.7
Total WSDOT Budget	\$3,754.00	\$ 12.0	\$3,766.00